

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER	<input type="checkbox"/>	DATE	<u>December 17, 2009</u>
MOTOR CARRIER MATTER	<input type="checkbox"/>	DOCKET NO.	<u>2009-39-W, 2009-75-W</u>
UTILITIES MATTER	<input checked="" type="checkbox"/>	ORDER NO.	<u>2009-101-W, 2009-102-W</u>

**SUBJECT:**

DOCKET NO. 2009-39-W - Lisa Lochbaum, Complainant/Petitioner v. Utilities Services of South Carolina, Incorporated, Defendant/Respondent;

DOCKET NO. 2009-75-W - Melanie Wilson, Complainant/Petitioner v. Utilities Services of South Carolina, Incorporated, Defendant/Respondent;

DOCKET NO. 2009-101-W - Deborah and Scott Burris, Complainant/Petitioner v. Utilities Services of South Carolina, Incorporated, Defendant/Respondent;

-and-

DOCKET NO. 2009-102-W - Leslie and Mark Hendrix, Complainant/Petitioner v. Utilities Services of South Carolina, Incorporated, Defendant/Respondent - Discuss these Matters with the Commission.

**COMMISSION ACTION:**

This Commission consolidated these complaint dockets for hearing purposes, since there are a number of issues that are common to more than one complainant. As a threshold matter, Utilities Services of South Carolina (or USSC) filed Motions to Dismiss all complaints, stating that the Complainants failed to follow the provisions of S.C. Code Ann. Section 58-5-270. This statute requires that individual consumer complaints first be filed with the Office of Regulatory Staff, which has the responsibility of mediating these complaints. The statute goes on to state that if a complaint is not resolved to the satisfaction of the complainant, the complainant may request a hearing before the Commission. In this instance, the complainants do not appear to have filed initial complaints with ORS for mediation, with the exception of Ms. Lochbaum, and the parties were unable to successfully resolve that dispute. In any event, I move that we deny the Motions to Dismiss. It is clear to me that all parties, including ORS, either met or were given an opportunity to meet prior to the hearing before this Commission, and that the parties attempted to settle the disputed matters with ORS participation. The Hearing Officer actually continued the hearing before this Commission in this case, so that the parties could meet and negotiate their differences. Although this attempt was unsuccessful, I believe that this meeting satisfies the mediation attempt by ORS required by the statute prior to a hearing. Therefore, the hearing subsequently held before the Commission was fully justified under the terms of the statute, and I believe that the Motions to Dismiss should be denied.

The first substantive complaint brought by Ms. Lochbaum, Mr. and Mrs. Hendrix, and Mrs. Wilson is related to the Company's utilization of the passthrough provision of the Company's rate schedule for bulk water and suggested changes in that mechanism. I believe that a better examination of this portion of the Complaints could take place in a full rate case, wherein notice would be given to all customers affected by any proposed change. Although I also believe that the Company has attempted to properly operate this tariff provision, I agree

that the provision is very confusing to the Company's customers and results in bulk billing delays. We will more closely examine this passthrough provision and its operation in the next USSC rate case, and I move accordingly.

Second, these same complainants also complain about the lack of notice of bulk water rate increases that result in the complainants receiving higher and fluctuating bills. I agree with the complainants that Order No. 2006-22 requires USSC to provide thirty (30) days notice to the Commission and its customers of any increases in the bulk water charges that are passed through to customers. I understand that USSC may sometimes not receive notice of a bulk water rate increase right away. However, I believe that, should this happen, the Company should seek permission for waiver from the requirements of the Commission Order prior to instituting the new higher passthrough amount caused by an increase in the bulk rate, and I move that USSC be required to follow this procedure. The Commission has in the past considered and granted modified notice requirements when this has occurred with other companies. This procedure is only fair to the Company's customers, and it is consistent with prior Commission rulings.

Third, Ms. Lochbaum, Mr. and Mrs. Hendrix, and Mrs. Wilson allege that USSC consistently bills two to three months behind and that this delayed billing is problematic. The Company agrees that its billings have been delayed, and proposes to issue a separate new bill to catch up unbilled consumption. Under this plan, USSC will issue two bills in one month so that on a going-forward basis, bills will be issued for the immediately preceding consumption period. The Company proposes to wait until consumption is at its lowest to issue the separate catch-up bill to customers, which will make the bill a more manageable amount. There will be no penalty or interest under USSC's plan, and a 12 month deferred payment plan will be offered for the catch-up bill. The Complainants agree with the proposal and have asked that this be done on a separate bill form with an explanation for the separate bill. The Company agrees. I move that we adopt this plan for issuance of the catch-up bills, since I believe that it will help remedy the problems created by delayed billing. I further move that the Company issue the separate catch up bill in February 2010. Notice shall be given to all customers prior to the Company's implementation of its catch-up billing plan.

Fourth, Ms. Lochbaum and Mr. and Mrs. Hendrix complain of high water pressure within the Dutchman Shores subdivision at various times. USSC states that it is willing to make modifications to its distribution system to reduce the effect of the high pressure on the City of Columbia's distribution system, which USSC alleges is the cause of the high pressure. This would involve installation of a pressure reducing valve between the City's bulk meter and USSC's water main serving the Dutchman Shores subdivision. This would result in decreased water pressure to all of the Dutchman Shores system. USSC does state that installation of the valve may result in lower than normal water pressures to homes at the end of various lines. I agree, however, that something needs to be done about the water pressure in Dutchman Shores. Therefore, I move that the Commission adopt and approve the Company's plan; however, I also move that we request that the Office of Regulatory Staff monitor and investigate the resultant water pressures in Dutchman Shores after installation of the valve, and report back to the Commission with recommendations to address the issues if any difficulties develop with low water pressure as described above.

Fifth, Ms. Lochbaum, Mr. and Mrs. Hendrix and Mr. and Mrs. Burriss complain of high water consumption on the Company's system, due to the high water pressure. These complainants state that the Company's delays in billing reduced the opportunity that they had to manage or investigate the high consumption. Accordingly, these complainants request Company reimbursement for these amounts. I agree with USSC that Mr. and Mrs. Hendrix and Mr. and Mrs. Burriss did not present sufficient information to support their complaints in this area. Further, although Ms. Lochbaum did present more evidence than the other complainants on this subject, there is no evidence that high pressure in Dutchman Shores existed during the billing periods in question, even if you accept the premise that high pressure contributes to excessive consumption, which may be questionable in itself. In any event, I move that this portion of the complaints be denied.

Sixth, Ms. Lochbaum, Mr. and Mrs. Hendrix, and Mrs. Wilson complain of what they term as excessive unaccounted for water that is being lost from the complainant's respective systems and charged to the ratepayers. The evidence showed that the amount and/or percentage of such unaccounted for water was in great dispute between the complainants and USSC, particularly with regard to Ms. Lochbaum and Mr. and Mrs. Hendrix, who receive their water in the Dutchman Shores subdivision. The Company is proposing a "real time" billing mechanism that may help measure unaccounted for water through its "true up" mechanism, discussed further momentarily. However, there was also a dispute between the Company and ORS as to what metering could properly be used to measure unaccounted for water and how much such metering should cost. Because of its complexities, this issue will be addressed in the Company's next rate case, and I move accordingly.

Seventh, the Company proposed to implement a "real time" billing mechanism on an experimental basis. Under this proposal, real time billing information would be furnished separately from and in addition to the customers' regular monthly bills. In order to reduce the fluctuations present in the monthly calculated passthrough amount, the Company suggests that it be allowed to estimate monthly bulk billings in order to generate a "real time" water supply charge for customer bills. The Company would accomplish this by taking readings of the bulk meters serving Dutchman Shores and Lakewood immediately prior to the issuance of its customer bills. The Company would then use those readings and the then current rate schedule of the bulk supplier to estimate that month's cost of bulk water provided by the bulk supplier. The monthly passthrough amount shown on the customers' bills would be based upon that estimated bulk charge. According to USSC, this billing procedure would result in the customer metered consumption amount more closely reflecting the bulk consumption on the system, and drastic swings in the passthrough charges should be reduced. USSC states that there may still be some variations due to the fact that the bulk suppliers take their own meter readings and that these readings may occur a few days after USSC takes its estimated readings. Under USSC's proposal, these variations can be managed by means of a "true-up" mechanism, which, among other things, could also be potentially useful in the measurement of unaccounted for water. The "real time" billing concept would be employed on an experimental trial basis for a period of one year, under the Company's proposal. The Company would keep billing the customers as it has at present, but would also provide separately real time billing results to the customers and ORS on a monthly basis to demonstrate how the real time billing would operate. At the conclusion of the experimental trial period, USSC would submit the findings to the Commission for review and for a determination as to whether the program should be implemented. Although the complainants appear to be opposed to adoption of such a program, I believe that it has merit and would move for adoption of the real time billing as an experimental program on the terms proposed by the Company. However, I further move that the experimental, real-time bills be clearly marked as "experimental," with a prominent statement reminding the customer that the real-time bill is not to be paid.

Eighth, complainants Ms. Lochbaum, Mr. and Mrs. Hendrix, and Mrs. Wilson state a belief that the Company may not be allocating an appropriate portion of employee labor costs for justification in its rate cases. Although the Company alleges that this is not occurring, I would note that this Commission normally examines the allocation of such costs in each rate proceeding. Therefore, I move that we examine this question during the Company's next rate proceeding.

Mr. and Mrs. Hendrix also challenge the current rates approved for USSC, stating that water customers of the City of Columbia and the City of Chapin are paying less than half the rates charged to the Company's Dutchman Shores customers. Again, I would note that the focus of the needs of each particular Company and its customers must be considered by this Commission in a rate case. Accordingly, I would move that we defer the question of the appropriate rate for USSC until its next rate case before this Commission.

Lastly, I would move that we deny all motions made during the course of this case that are inconsistent with this ruling. I would also point out that, for those areas of this case in which I have moved that certain matters be considered in a rate case, I would note that the complainants are free to intervene and fully participate in such a case when filed by the

Company if they so choose, and I move that we request ORS to notify these petitioners of the filing of any rate case by USSC. In any event, this Commission will further consider their concerns at that time.

PRESIDING: Fleming

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding

